

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
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LAB-04 SIL-01 OMB-01 OIC-02 SOE-02 DODE-00 DOE-15
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 6315
INFO ALL EC CAPITALS
USMISSION USUN NEW YORK PRIORITY

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USEEC

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TAGS: EGEN, ECOSOC, UN, EEC
SUBJECT: EC PARTICIPATION IN MAY MEETING OF UN
-- OVERVIEW COMMITTEE

REF: (A) BRUSSELS 7855 (B) BRUSSELS 5150

1. SUMMARY: THE EC COUNCIL NORTH-SOUTH HIGH-LEVEL GROUP
ON APRIL 26 APPROVED THE STATEMENT ON ECONOMIC GROWTH AND
A COMMON EC POSITION FOR THE MAY OVERVIEW COMMITTEE MEET-
ING. WHILE THE REPRESENTATIVE OF THE EC COUNCIL PRESI-
DENCY COUNTRY IS TO PRESENT COMMUNITY VIEWS, IT WAS AGREED
THAT MEMBER STATES COULD ALSO INTERVENE DURING THE OVERVIEW
COMMITTEE MEETING AS LONG AS THEY STAYED WITHIN THE GENERAL
EC POSITION. THE EC STATEMENT ON GENERAL ECONOMIC GROWTH
CONFORMS TO THE OUTLINE TRANSMITTED REF B. END SUMMARY.

2. ODILE QUINTIN, ASSISTANT TO DEPUTY DIRECTOR GENERAL
CASPARI FOR NORTH-SOUTH MATTERS, INFORMED THE MISSION THAT
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THE EC COUNCIL'S NORTH-SOUTH HIGH-LEVEL GROUP CONCENTRATED
AT ITS MEETING OF APRIL 26 ON REVIEWING AND APPROVING THE
FORMAL COMMUNITY STATEMENT FOR AGENDA ITEM ONE OF THE UN
OVERVIEW COMMITTEE REGARDING ECONOMIC GROWTH AND INTER-
DEPENDENCE, AS WELL AS THE EC'S POSITION GUIDELINE PAPERS
FOR THE OTHER THREE AGENDA ITEMS. SHE NOTED THAT THERE
WAS STILL UNCERTAINTY AMONG THE MEMBER STATES REGARDING

THE ULTIMATE ROLE OF THE OVERVIEW COMMITTEE AND WHAT IT MIGHT BE REASONABLE TO TRY TO HAVE IT ACCOMPLISH DURING ITS FIRST SUBSTANTIVE MEETING. SHE REGRETTED THAT IT HAD NOT BEEN POSSIBLE TO PROVIDE US VIEWS IN TIME FOR THE MEETING (REF A) FOR SHE FELT THAT THIS MIGHT HAVE HELPED GIVE DIRECTION TO THE GROUP'S DELIBERATIONS. WHILE AGREEMENT WAS REACHED ON THE GENERAL EC POSITION FOR THE OVERVIEW COMMITTEE, SHE SAID THAT THE MEMBER STATES RECOGNIZED THEY WILL HAVE TO CONTINUE TO COORDINATE CLOSELY IN NEW YORK IN ORDER TO CONTINUE TO MAINTAIN A COMMON STAND DURING THE MAY MEETING.

2. MADAME QUINTIN SAID THAT THERE WAS SOME DISCUSSION AT THE APRIL 26 MEETING AS TO WHETHER THE COMMUNITY SHOULD TRY TO SPEAK ONLY WITH ONE VOICE THROUGH THE PRESIDENCY COUNTRY AS IT HAD DURING THE CIEC EXERCISE IN PARIS. IT WAS FINALLY AGREED (AND CONFIRMED BY COREPER ON APRIL 27) THAT AFTER THE DANISH DELEGATE AS THE EC COUNCIL PRESIDENCY COUNTRY PRESENTS THE COMMUNITY'S FORMAL POSITION ON ANY ISSUE, THE OTHER MEMBER STATES WOULD BE FREE TO SPEAK, BUT SHOULD DO SO WITHIN THE GENERAL GUIDELINES OF THE COMMUNITY POSITION. SHE AGREED THAT THIS IS SOMETIMES DIFFICULT TO DEFINE. SHE ADDED THAT THE DECISION TO AUTHORIZE INTERVENTION BY MEMBER STATES WAS LARGELY AT THE REQUEST OF THE UK AND THE NETHERLANDS. THEY UK WANTS TO ASSURE THAT FRANK JUDD WHO WILL PROBABLY BE THE SENIOR REPRESENTATIVE OF THE MEMBER STATES PRESENT, SHE SAID, HAS THE RIGHT TO LIMITED OFFICIAL USE

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INTERVENE DIRECTLY AS NECESSARY. THE FRENCH INDICATED, IN TURN, THAT THEY TOO WANTED THE RIGHT OF INTERVENTION FOR THEIR SENIOR REPRESENTATIVE. THE NETHERLANDS' DESIRE FOR THE RIGHT TO SPEAK INDEPENDENTLY STEMS FROM THE FACT THAT ITS VIEWS ARE STILL NOT IN COMPLETE HARMONY WITH THAT OF THE OTHER EC MEMBERS.

3. MADAME QUINTIN NOTED THAT THE MEMBER STATES HAVE DECIDED THAT THE EC SHOULD OPPOSE THE PREPARATION OF FORMAL MINUTES OR CONCLUSIONS OF THE MAY OVERVIEW COMMITTEE MEETING. SINCE THE G-77 WILL PROBABLY INSIST UPON SOME KIND OF A RECORD OF THE DELIBERATIONS, THE MEMBER STATES HAVE AGREED THAT THEY COULD ACCEPT THE PREPARATION OF INFORMAL CONCLUSIONS BY THE RAPPORTEUR (DENMARK) BUT WOULD OPPOSE CONCLUSIONS BY THE PRESIDENT (ALGERIA).

4. MADAME QUINTIN PROVIDED A COPY OF THE ENGLISH TRANSLATION OF THE FRENCH ORIGINAL OF THE COMMUNITY'S STATEMENT ON ECONOMIC GROWTH AND INTERDEPENDENCE (COPIES POUCHED TO EUR/RPE AND USUN). THIS STATEMENT CLOSELY FOLLOWS THE OUTLINE FORWARDED BY REF B. AMONG THE POINTS IN THE STATEMENT WORTH NOTING ARE THE FOLLOWING:

A. CONSIDERABLE IMPORTANCE IS ATTACHED TO THE DEPRESSIVE EFFECT ON THE WORLD ECONOMY OF THE REDUCTION OF PRODUCTIVE

INVESTMENT, LARGELY AS A RESULT OF "GROWING UNCERTAINTY".
THE NEED TO INCREASE SUCH INVESTMENTS IN BOTH DEVELOPED
AND DEVELOPING COUNTRIES IS STRESSED IN VIEW OF THE
IMPORTANCE OF INVESTMENT FOR STIMULATING DEMAND AND
FURTHERING GENERAL ECONOMIC GROWTH, INCLUDING EXPANSION
OF EMPLOYMENT.

B. THE STATEMENT ATTACHES CONSIDERABLE IMPORTANCE TO
ENERGY. THE 1973 OIL CRISIS AND THE RAPID RISE IN OIL
PRICES IS SAID TO HAVE BROUGHT ABOUT A "LASTING AND
RADICAL CHANGE IN THE WORLD BALANCE OF PAYMENTS STRUCTURE".
ATTEMPTS TO RESTORE EQUILIBRIUM LED MANY COUNTRIES TO
ADOPT DEFLATIONARY POLICIES WHICH RESULTED IN THE 1974-75
RECESSION. GREATER ENERGY COOPERATION IS IMPORTANT FOR
BOTH PRODUCERS AND CONSUMERS OF ENERGY AND SHOULD HAVE
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SEVERAL OBJECTIVES: (1) ACCELERATE (PARTICULARLY IN THE

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LDC'S) EXPLORATION AND DEVELOPMENT OF TRADITIONAL ENERGY
SOURCES (OIL, GAS AND COAL); (2) SEEK TECHNOLOGIES AND

"WAYS OF LIFE" TO ACHIEVE GREATER ENERGY CONSERVATION AND THE UTILIZATION OF RENEWABLE SOURCES OF ENERGY; (3) IMPROVE THE TWO-WAY FLOW OF INFORMATION ON ENERGY DEMAND AND SUPPLY; AND (4) ESTABLISH MEASURES FOR THE TRANSFER OF ENERGY TECHNOLOGY.

C. THE DECLINE OF INDUSTRIES IN THE DEVELOPED COUNTRIES IS CREATING SERIOUS UNEMPLOYMENT PROBLEMS. RESTRUCTURING IS NECESSARY IN THESE COUNTRIES, PARTICULARLY IN FAVOR OF INDUSTRIES WHICH ARE CAPITAL INTENSIVE AND EMPLOY HIGHLY-SKILLED LABOR, BUT IS DIFFICULT TO ACHIEVE EXCEPT IN A SITUATION OF EXPANDING WORLD PRODUCTION.

D. EFFORTS MUST BE CONTINUED TO LIBERALIZE INTERNATIONAL TRADE, PRIMARILY BY CONCENTRATING ON THE MULTILATERAL TRADE NEGOTIATIONS AND THE APPLICATION OF GENERALIZED SYSTEMS OF PREFERENCES.

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E. BETTER CONTROL OF INTERNATIONAL LIQUIDITY WOULD REDUCE THE RISKS OF INFLATION AND DISEQUILIBRIUMS AT THE NATIONAL LEVEL. TO THIS END, "THE COMMUNITY FEELS THAT IT IS NECESSARY TO STRENGTHEN THE ROLE OF SDR'S IN ORDER TO MAKE THEM THE PRINCIPAL RESERVE INSTRUMENT OF THE INTERNATIONAL MONETARY SYSTEM."

F. THERE SHOULD BE A SUBSTANTIAL INCREASE IN OFFICIAL DEVELOPMENT ASSISTANCE (ODA) IN ORDER TO ASSURE THAT ODA REACH THE APPROVED TARGET OF 0.7 PERCENT OF GNP, WHILE TERMS OF ODA SHOULD BE IMPROVED TO ASSURE THAT THE OVERALL GRANT ELEMENT IS A MINIMUM OF 86 PERCENT OF FINANCIAL COMMITMENTS.

G. INSTABILITY OF RAW MATERIAL PRICES AND UNCERTAINTIES REGARDING INVESTMENT AND CONDITIONS OF SUPPLY HARM BOTH PRODUCER AND CONSUMER COUNTRIES. EFFORTS SHOULD BE CONTINUED TO IMPROVE "RAW MATERIALS MARKET STRUCTURES", PARTICULARLY IN THE CONTEXT OF THE UNCTAD INTEGRATED PROGRAM AND THE POSSIBLE ESTABLISHMENT OF A COMMON FUND.

5. MADAME QUINTIN WILL ACCOMPANY CASPARI TO THE OVERVIEW COMMITTEE MEETING AND IS LOOKING FORWARD TO EXCHANGING VIEWS WITH THE US REPRESENTATIVES. HINTON

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